# ASUG
## Americas' SAP Users' Group

**Minneapolis School District's
Digital Transformation Journey with SAP Software**

Justin Hennes| Executive Director IT Services | MPS
Tariro Chapinduka| Executive Director Finance | MPS
Nick Coticchia| COO| Genesis Consulting

Session ID # ASUG84024

# About the Speakers

## Justin Hennes
**Executive Director of IT Services, MPS**

As the Executive Director of IT Services at MPS, Justin Hennes is a driver of digital transformation. Partnering with Academic and Business Operations leaders, he leverages the SAP environment and integrated SaaS solutions to improve stewardship and business agility.

## Tariro Chapinduka
**Executive Director of Finance, MPS**

As the Executive Director of Finance at MPS, Tariro Chapinduka is responsible for the overall fiscal management of the district and provides leadership, direction and guidance in financial strategies and priorities to the Chief Financial Officer and the Superintendent.
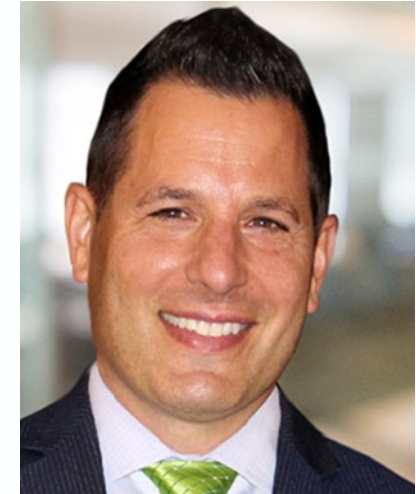
## Nick Coticchia
**COO, Genesis Consulting**

Nick Coticchia is COO and a Managing Partner of Genesis Consulting. He has over 18 years of experience leading complex digital and SAP transformation initiatives for financial, supply chain, logistics, and business operations.

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# Key Outcomes/Objectives

**1** — Key factors to consider for an SAP road map by clearly aligning key stakeholders on how to achieve strategic goals

**4** — Overcoming implementation challenges for New G/L and Procurement Innovations

**2** — Benefits of an upgraded SAP Digital Platform for Cloud and HANA

**5** — Tangible Benefits and Value Realization

**3** — Key Considerations for integrations with SAP SuccessFactors and Concur

**6** — The Importance of Organizational Change Management, Stakeholder Engagement and Training

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# Agenda

History

Planning
- Initial Drivers for Digital Transformation
- Key Questions
- IT Platform for Growth and Roadmap

Implementation
- HR Innovations
- Procurement Modernization
- New G/L Migration

Transformation
- SAP Concur
- Benefits Realization
- Change Management Overlay

Evaluation
- Lessons Learned

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# About Minneapolis Public Schools (MPS)

**Coverage**

City of Minneapolis, MN

**Schools**

- ▹ 45 elementary
- ▹ 7 middle
- ▹ 7 high
- ▹ 8 special education
- ▹ 8 alternative
- ▹ 19 contract alternative
- ▹ 5 charter

**Number of Students**

35,000+ in public primary & secondary schools

**Number of Employees**

7000

**Budget**

$846,000,000

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# A Brief History

**SAP Implemented**
(R3)

2004

**Major SAP Update**
(ECC 6.04)

2010

**SFSF Recruiting/Onboarding and Performance Implemented**

2013

**Started SAP Digital Transformation & Innovation Program**

**SAP Concur Implemented**

2017

**SF Learning Implemented**

2018

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# Initial Drivers for the MPS Journey

**MPS Acceleration 2020**



| **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|
| Ensure all students learn and are college/career ready | Provide an inspirational education experience | Enable effective teachers, school leaders, and staff | Stewardship of resources | Equitable access for all students |

**Compliance** **Efficiency** **Business Agility** **Transparency** **Equity**

*"Our goal is to bring a best value approach that allows the school district to spend funds in the best way possible in support of improving the educational experience."*

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# Key Questions and Themes

How do we handle our Finance, HCM, IT and S/4HANA Roadmaps?

Greenfield or Brownfield?

How should we integrate SAP Cloud solutions?

We are on the classic GL, how do we proceed?

What do we do with SRM or 3rd Party Systems?

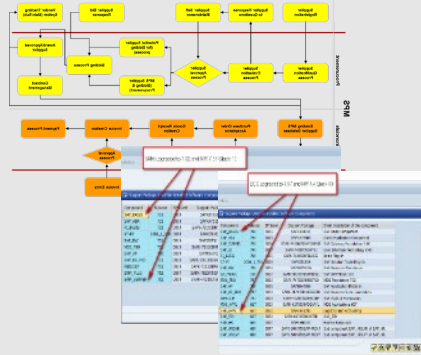# Developing a Digital Roadmap: Business and Technical Assessment



**1** — Start with Preliminary Research
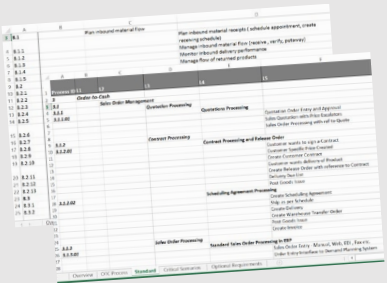
**2** — Validate Business & Technical Landscapes

**3** — Build Roadmap + Prioritization

**4** — Align to be Processes to MPS Situation

**GOAL**
Core Business – Solution Alignment

# Assessment Findings

## Technical

- **Running Windows Server 2008 and SQL Server 2008**
- 1 Tier Landscape (Dev, QA, PRD) in single promote to production path
- ERP: ECC 6.0 EHP4, NW 7.01
- **ECC ABAP and Java components are installed as separate systems and share the same database instance**

- **ECC System is non-Unicode**
- SRM 7.0 , NW 7.01 is Unicode
- BI 7.30 is Unicode
- Enterprise Portal is Unicode
- SAP PI and MDM not implemented

## Functional

- **Finance on original SAP G/L**
- **SuccessFactors not integrated with HCM**
- MPS currently uses SRM Shopping Carts for PRs and POs and uses External Catalog
- **Novatus Saas software used for Contract Lifecycle Management**
- **No integration between Novatus and SAP**

- High maintenance and support costs for Novatus when functionality is inherent SRM
- Lack of supplier collaboration
- **Challenging to adequately enforce contract compliance**
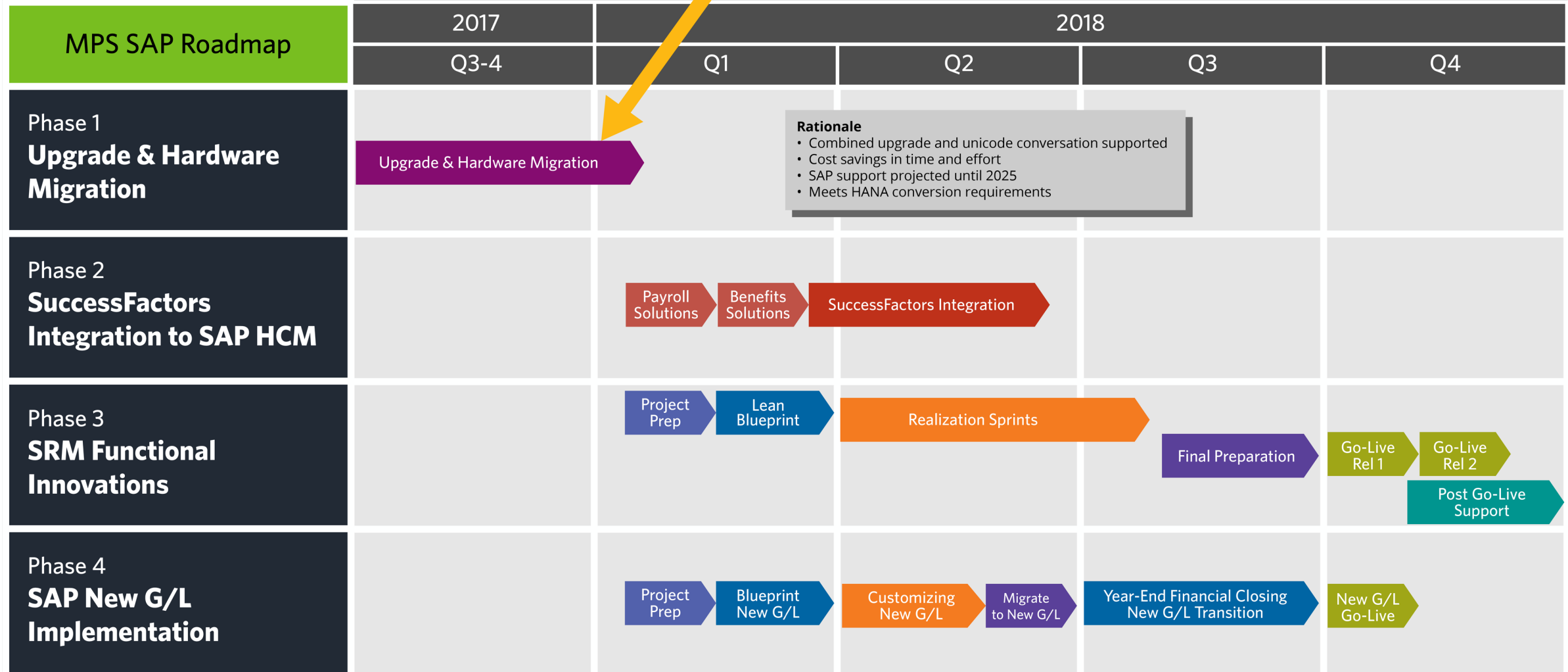- Can leverage the majority of the existing ECC and SRM configuration and structures
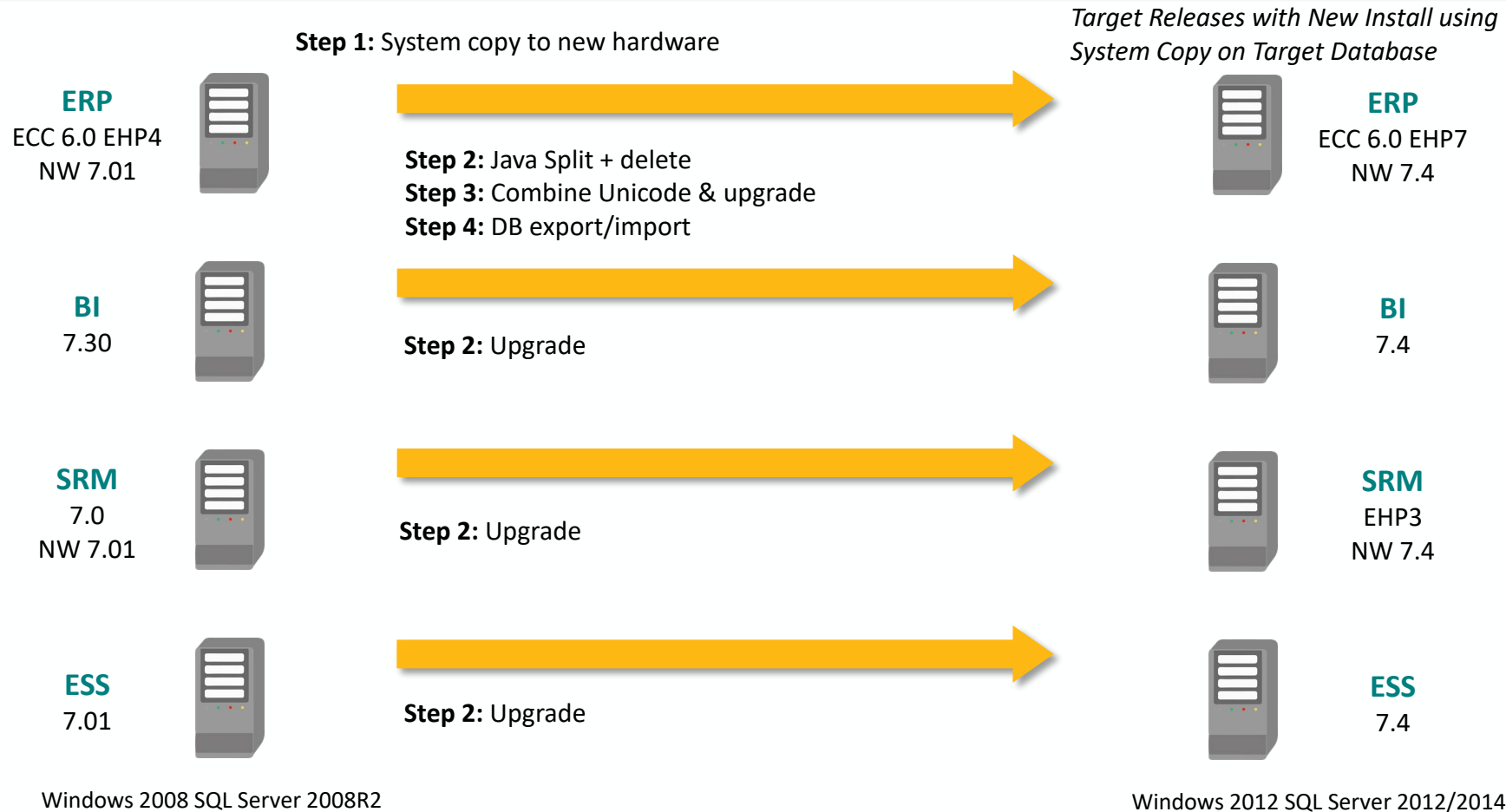
Information Technology

# PLATFORM FOR GROWTH

# Our Roadmap

| ERP 6.0 EHP7 | SRM 7.0 EHP3 | PORTAL | BI | PI | MDM | Solution Manager |
|---|---|---|---|---|---|---|
| NW 7.4 | 7.13 | NW 7.4 | 7.4 | 7.4 | 7.1 | 7.1/7.2 |

| MPS SAP Roadmap | 2017 | 2018 | | | |
|---|---|---|---|---|---|
| | Q3-4 | Q1 | Q2 | Q3 | Q4 |
| **Phase 1** **Upgrade & Hardware Migration** | Upgrade & Hardware Migration | | | | |
| **Phase 2** **SuccessFactors Integration to SAP HCM** | | Payroll Solutions → Benefits Solutions → SuccessFactors Integration | | | |
| **Phase 3** **SRM Functional Innovations** | | Project Prep → Lean Blueprint → Realization Sprints | | Final Preparation → Go-Live Rel 1 → Go-Live Rel 2 / Post Go-Live Support | |
| **Phase 4** **SAP New G/L Implementation** | | Project Prep → Blueprint New G/L → Customizing New G/L → Migrate to New G/L | | Year-End Financial Closing New G/L Transition | New G/L Go-Live |

**Rationale**
- Combined upgrade and unicode conversation supported
- Cost savings in time and effort
- SAP support projected until 2025
- Meets HANA conversion requirements

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# Upgrade Logistics & Target Releases to Establish Platform for Growth

| Current Production Landscape | Upgrade Landscape |
|---|---|

**Step 1:** System copy to new hardware

*Target Releases with New Install using System Copy on Target Database*

**ERP**
ECC 6.0 EHP4
NW 7.01

**Step 2:** Java Split + delete
**Step 3:** Combine Unicode & upgrade
**Step 4:** DB export/import

**ERP**
ECC 6.0 EHP7
NW 7.4

**BI**
7.30

**Step 2:** Upgrade

**BI**
7.4

**SRM**
7.0
NW 7.01

**Step 2:** Upgrade

**SRM**
EHP3
NW 7.4

**ESS**
7.01

**Step 2:** Upgrade

**ESS**
7.4

Windows 2008 SQL Server 2008R2

Windows 2012 SQL Server 2012/2014

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# Neptune Employee Self-Service Upgrade

# The Source – Online Training



**WeBuy**
SAP Supplier Relationship Management

WeBuy is Minneapolis Public Schools' enhanced online shopping process.

A few of the benefits we'll see as the district adopts this new approach to purchasing include convenient shopping from online catalogs and leveraging contracts already in place with vetted vendors. This will simplify the shopping process and save you time.

You will still maintain local control of the shopping and approval process within your department or school, but with this new paperless approach, that work will be easier to accomplish.

The WeBuy team has created an entire curriculum of courses and support materials based on your role in the enhanced online purchasing process.

**INTRODUCTION VIDEO**

Tariro Chapinduka, Executive Director of Finance, introduces the benefits of WeBuy.

**SECTIONS**

Introduction Video

Role-Based Training

Frequently Asked Questions

# SuccessFactors Learning

Human Resources

# SUCCESSFACTORS INTEGRATION

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# Immediate Value for HR with SuccessFactors integration to SAP HCM
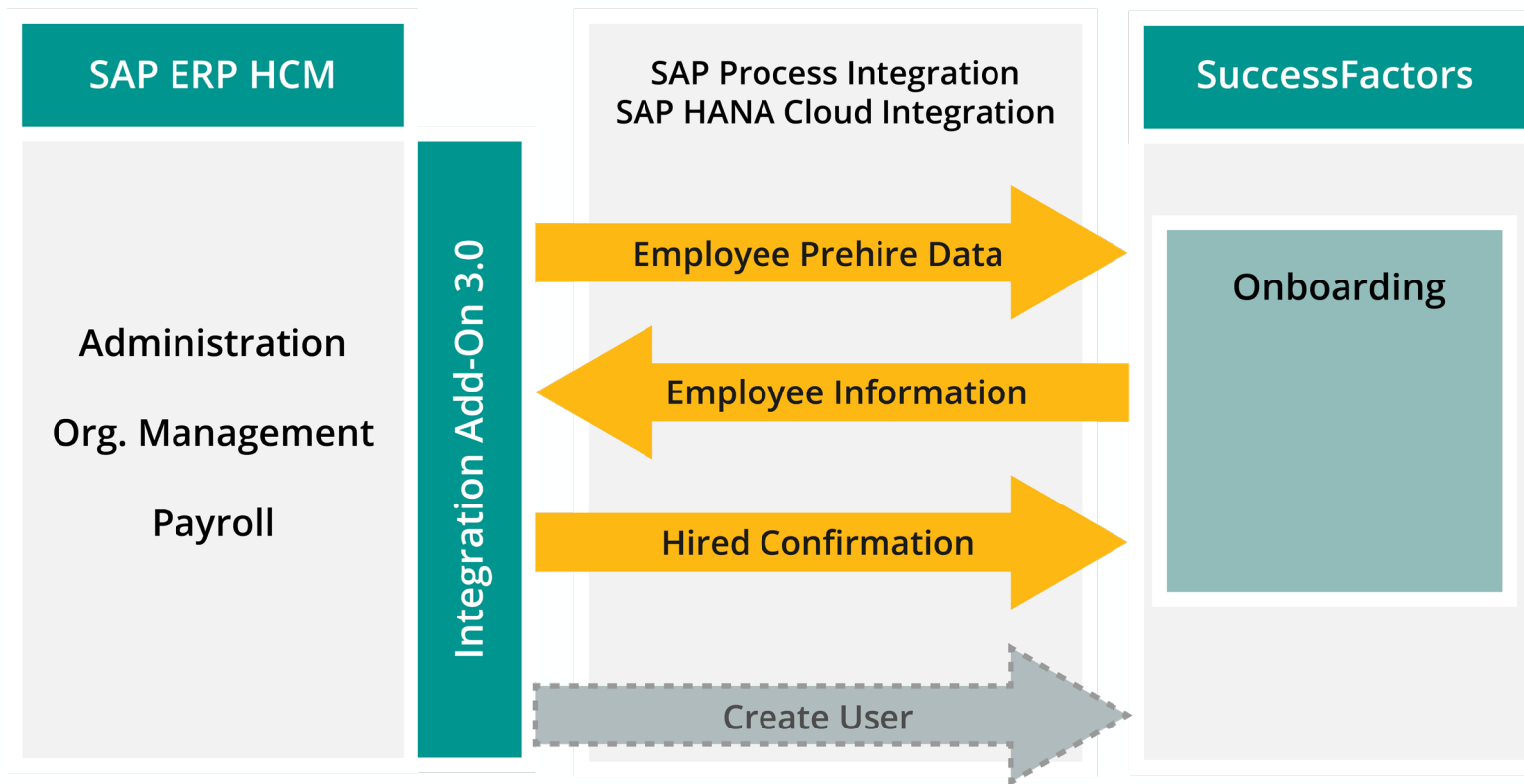


- ▶ MPS HR needed systems integration capabilities between SAP HCM and the Success Factors recruitment platform
- ▶ Before the upgrade, no integration between MPS SuccessFactors and SAP HCM
- ▶ Manual entry of onboarding and employee information into SAP HCM
- ▶ The upgrade platform provided the option for standard integration Add Ons which allow for
  - ▶ Integration between position vacancies into job requisitions
  - ▶ Integration between Success Factors hired candidates and SAP HCM new hire personnel actions.

# SFSF Integration Deployment Options & Considerations

▶ The new MPS SAP Platform allowed for:

- Additional business packages
- Additional PI or HCI interfaces available
- Additional fields on XML document
- Reduction in customization, based on the factors mentioned above

▶ HCI offers less implementation investment and ongoing maintenance

  ▶ Current standard HCI integration is limited

▶ MPS needs to invest in SAP PI for SRM

▶ SAP PO/PI offers more integration options, is a more mature solution, and easier to maintain with in-house Basis resources

▶ HCI is not a good option for high volumes or if unique business logic is required for integration

▶ MPS leveraged SAP PO/PI to support both SRM and SuccessFactors

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Finance

# PROCUREMENT

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# MPS Finance Pain Points and Drivers

## Procurement

- ▶ Decentralized Procurement model
- ▶ MPS was using SRM Shopping Carts for PRs and POs
- ▶ Novatus SaaS software used for Contract Lifecycle Management (initiation, reviews, approvals)
- ▶ Disconnect between Novatus and SAP
  - Difficult to manage contract cycles leading to non-compliance with policies and contracts
  - Duplicated effort with separate systems, data, workflow and processes (e.g. multiple vendor lists, bids managed separately, contracts manually entered in SAP as POs, etc.)
- ▶ High maintenance and support costs for Novatus when functionality is inherent in SAP solution
- ▶ Challenging to adequately enforce contract compliance - manual effort required to ensure compliance and cost saving optimization between Novatus and SAP
- ▶ Inconsistent adherence to policy or standard operating procedures
- ▶ Difficulty in managing contract thresholds and tracking maverick spending
- ▶ Lack of supplier collaboration or self service
- ▶ Limited visibility into spend analysis (by vendor, commodity, contract)

# Business Alignment: Achieving Procurement Goals with SAP Digital Platform

| Recommendations | Benefits |
|---|---|
| • Perform Upgrade to SRM 7.03<br>• Implement SAP PI and MDM<br>• Enhance contract management and monitoring<br>• Provide managers better visibility to spend and process metrics<br>• Provide robust reporting/analytics dashboard capabilities<br>• Improve online, self-service procurement to improve the requisitioning process<br>• Improve suppliers ability for self service and more interactive collaboration<br>• Enhance the available functionality to enable better monitoring of purchases | • District-wide Spend Visibility and Analysis – leverage buying power with vendors<br>• Migrate from Novatus – Closes the loop between procurement and sourcing to realize negotiated contracts and benefits<br>• County-wide sourcing strategy and spend control<br>• Increased business process efficiencies and integration between SRM and ECC<br>• Reduces costs of external systems and additional custom enhancements that may be required on existing SRM 7.0 version |

## Advantages of SRM Upgrade

- New enhancement packs contain additional standard functionalities that can be leveraged for contract management, bidding and supplier registration
- Changes to underlying objects and BADI's are a possibility with new enhancement packs. Hence it is advisable to upgrade before implementing any new functionalities
- Considerably less regression testing with respect to upgrade as MPS only has shopping cart functionally that is currently live
- Its better to build programs to convert contracts from Novatus to SRM after the upgrade so that it can be used in future. There is a possibility that post upgrade can render this program non-reusable.
- System performance was highly improved in the new enhancement packs. This will aid in conversion of contracts as well as maintaining any large contracts/files for attachment within the system
- Number of new standard interfaces are provided within PI to integrate with supplier registration and MDM

# SAP Procurement Modernization and Innovation is Driving MPS to a Leader in Performance

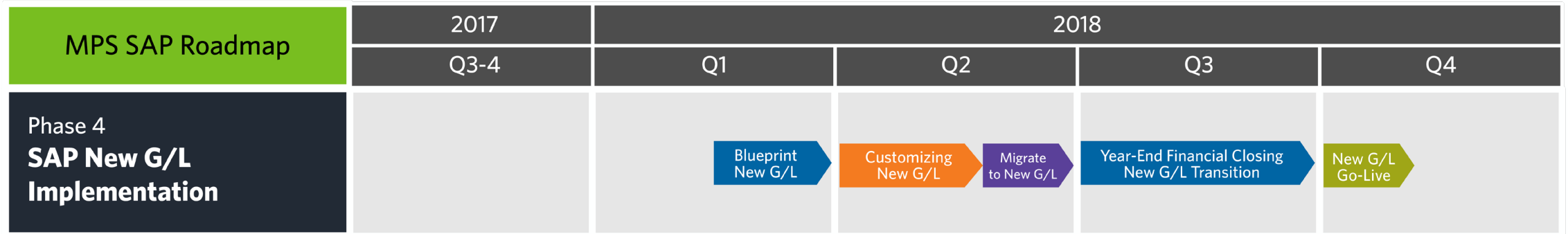| Key Performance Indicators | Bottom | Average | Leader |
|---|---|---|---|
| Average annual savings | 3.1% | 5.4% | 5.7% |
| Spend under contract | 45.7% | 80.2% | 82.2% |
| Contracts managed centrally | 55% | 76% | 85.6% |
| Indirect purchases through catalogs | 14.9% | 19.2% | 28.3% |
| PO error rate | 10.5% | 8.1% | 4.6% |

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# NEW G/L MIGRATION

# MPS Drivers for New G/L Migration

- Previously, reconciliations between FI and PSM (FM and GM) were not enabled, limiting MPS' ability to report financials in real time.
- Challenging and manually intensive for MPS to produce accurate and timely financial reports.
- Difficult to get granular reporting capabilities
- Lack of Segment Reporting and Management Reporting due to limited use of Business Areas.
- Financial Period Closing was labor and time intensive
- CAFR Reporting is outsourced and presented a material weakness in our audit reporting.
- New GL delivers operational benefits and flexibility, and is mandatory for MPS' Roadmap to SAP S/4 HANA

# New G/L Migration Considerations

| MPS SAP Roadmap | 2017 | 2018 | | | |
|---|---|---|---|---|---|
| | Q3-4 | Q1 | Q2 | Q3 | Q4 |
| **Phase 4**<br>**SAP New G/L Implementation** | | Blueprint New G/L | Customizing New G/L  →  Migrate to New G/L | Year-End Financial Closing New G/L Transition | New G/L Go-Live |

- ▶ Separate projects for Upgrade and New G/L Implementation, so logically sequenced with MPS Roadmap
- ▶ A new GL migration would take 6 to 10 months, depending on the scenario, and needs to go live on the fiscal year and must use SAP New GL migration support team and Migrations cockpit
- ▶ 'Migrate' to New GL on July 1, 2018 (SAP requirement to occur on the Fiscal New Year)
  - Financial reporting prior to June 30 will have classic GL reporting characteristics
  - Financial reporting after June 30 until Go-Live will include New GL reporting characteristics (Although these additional characteristics may be ignored and / or may be 'blank' until go-live)
- ▶ Allow for financial closing processes (3+ months)
  - Must be complete prior to go-live (requirement)
  - Prior periods will be closed and postings / corrections will not be possible
- ▶ Go-Live on New GL on or around November 30 2018
  - Requirement to go-live prior to end of calendar year (Not a hard requirement - has to be before June 30, 2019)
  - Financial reporting after Go-live (on or around Nov 30 2018) and Dec 31 2018 will include New Gl reporting characteristics

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# Key Success Criteria for New G/L Migration

▶ **Open Item Migration**

▶ **Balance Carry-Forward**

▶ **Current Document Transfer**

▶ **Beginning Balance Adjustments**
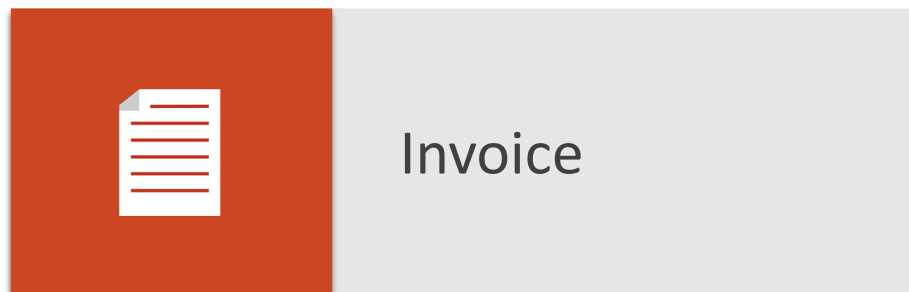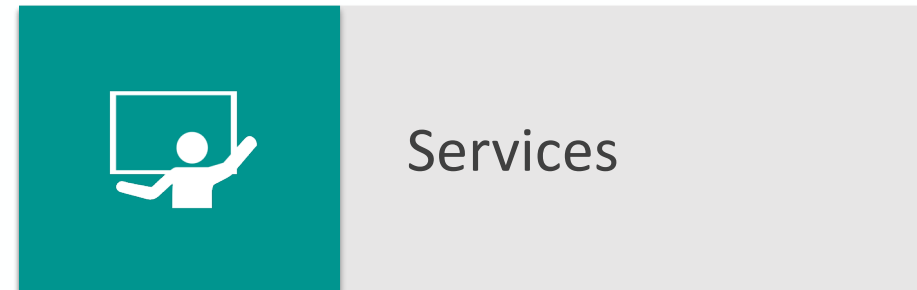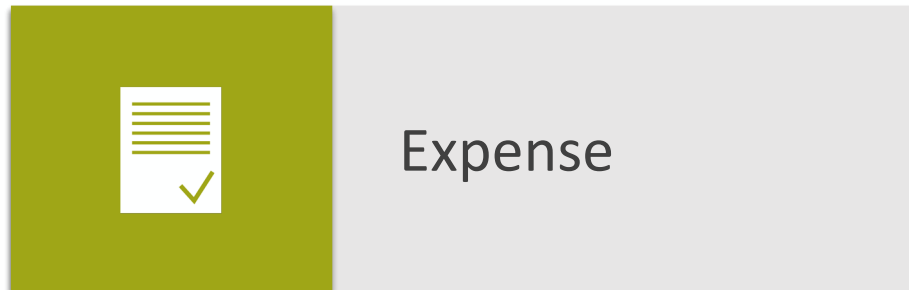
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# MPS is Ready for S/4 HANA

**R/3**

Classic General Ledger

Special Ledger

Profit Center Accounting

Profitability Analysis

Controlling

Fixed Assets

Material Ledger

**ERP**

New General Ledger

Profitability Analysis

Controlling

Fixed Assets

Material Ledger

**SAP S/4HANA**

### Universal Journal

| General Ledger | Fixed Assets | Controlling |
|---|---|---|
| Profi Center Accounting | Material Ledger | Profitability Analysis |

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# SAP Concur

Efficient invoice processing, travel booking and expense reporting via SAP Concur

Travel

Mobile Apps

Expense

Services

Invoice

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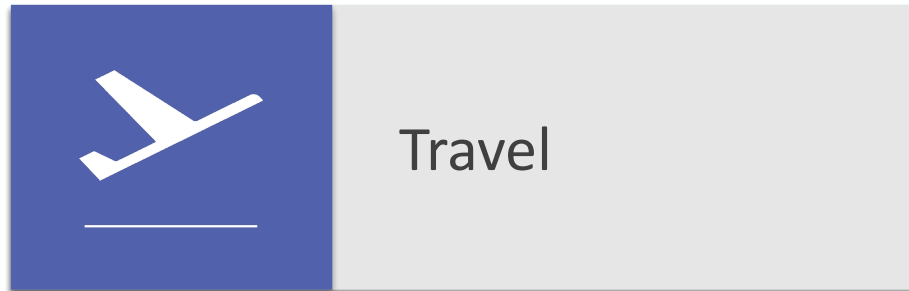
# Proven Results and Benefit Realization

MPS now can "Manage for Results" in a significant number of operational and financial areas to offer insight to management areas within non-instructional areas of public education. From these measures, selected KPIs are now considered for what is important for the Superintendent and Board Members to know.

**AREA**                          **TANGIBLE BENEFITS**

### Financial Management, Reporting, and Procurement

- Improve budgeting efficiency 15 – 45%
- Enhance closing times 10 – 15%
- Improve reporting efficiency 10 – 25%
- Decrease reconciliations 50 – 80%

- Improve compliance efficiency 5 – 10%
- Improve purchasing contract compliance 2 – 5%
- Reduce maverick buying 10 – 20%
- Reduce P.O. processing costs 40 – 65%

### Human Resources Management

- Reduce cost per HR transaction via Employee Self-Service 25 – 45%
- Improve HR staffing productivity 15 – 35%
- Improve payroll processing 15 – 75%

- Enhance e-Learning 25 – 50%
- Improve time reporting 50 – 80%
- Reduce overpaid wages 50 – 90%
- Improve recruiting and hiring 15 – 75%

### Information Technology

- Improve IT staffing productivity 8 – 12%
- Decrease legacy systems and interface costs 10 – 30%
- Improved document management 15 – 50%

- Reduce application development costs 10 – 30%
- Decrease IT reporting costs 25 – 75%

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# OCM and Training Were Key to Success

It was critical to establish a true team effort and sense of collaboration for the good of the District to improve organizational buy-in, knowledge transfer and user adoption for Business Transformation

# Stakeholder Engagement and Communications Overlay for Business Transformation and Readiness
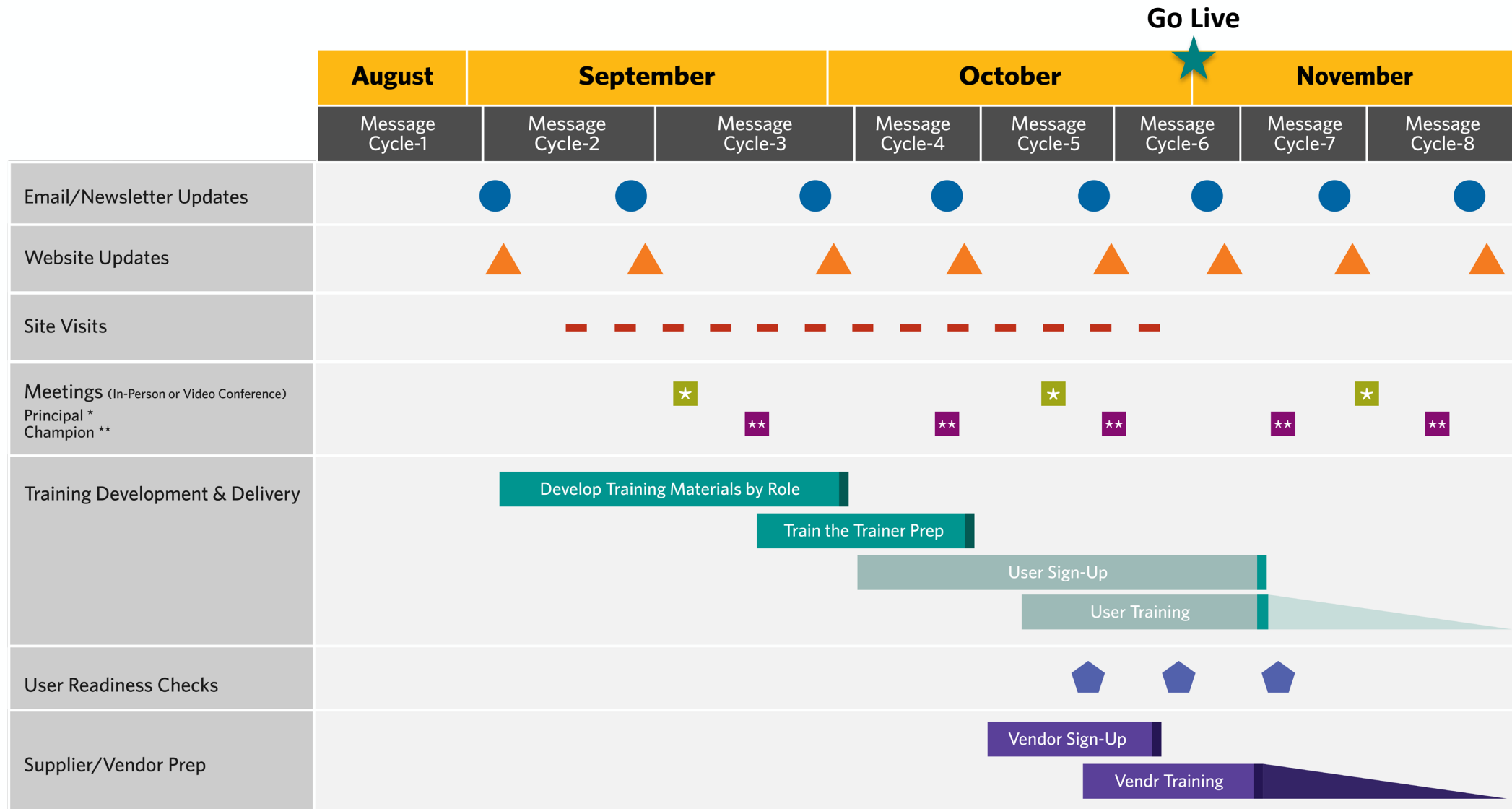
# Lessons Learned

- Assign a dedicated project manager to manage tasks assigned to internal resources
- Reinforce early engagement of Department End Users during design sessions and reviews for buy-in, testing and adoption
- Secure Executive Director sponsorship and involvement in the project – change the paradigm that it's an IT only initiative
- Communicate a shared vision of the goals and value to employees and direct reports – remember the future
- Just talking about Change Management doesn't work – need to embrace change and a real plan to execute against organizations impacted

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# Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:
http://info.asug.com/2019-ac-slides

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# Q&A

For questions after this session, contact us at
Justin.Hennes@mpls.k12.mn.us, Tariro.Chapinduka@mpls.k12.mn.us and
Nick.Coticchia@genesisconsulting.com

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To-Be Procurement Architecture